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ABSTRACT

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"The Underreported Use of Integrated Marketing Communication by Smaller Businesses"

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Presented at the National Communication Association Conference

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Abstract

This research suggests integrated marketing communication (IMC) is widely used by small businesses. In a survey of Midwest businesses, it was found that smaller businesses tend to integrate their marketing communication to the same extent as do larger businesses. Their advertising, P.R., and sales promotion are as likely to present a unified message, as though they had "one voice." They are also as likely to integrate their marketing communications goals of building their corporate images while increasing responses. An examination of the IMC literature finds a disproportionate lack of examples of these small businesses. The conclusion is that the public and students would be better served if smaller businesses were more equitably addressed in IMC textbooks and course discussions.

The Underreported Use of IMC by Smaller Businesses

How pervasive is integrated marketing communication (IMC)? Is it as common among smaller businesses as among larger ones?

A perusal of the current literature shows examples coming from almost exclusively larger corporations. One may be inclined to infer that IMC does not occur in the average small company, but that is not necessarily a valid conclusion. IMC may in fact be pervasive across all companies.

Whether IMC has a widespread use is an important question for the faculty members who teach this topic. They may now be preparing future marketing communicators to think only in terms of larger companies' needs, to the exclusion of the needs of smaller ones.

Purpose of Study

The point of this current study is to examine the use of IMC to determine whether or not it occurs predominantly among larger companies, as implied by the current literature. If it is also common among small businesses, then educators should be encouraged to expose their students to this broader view, which could better equip them for their future careers.

Reports of the use of IMC by small businesses appear to be rare. To measure how frequently the current academic literature addresses the use of IMC by small as well as by large businesses, a content analysis of the 1996, 1997, and 1998 issues of the Integrated Marketing Communications Research Journal (IMCRJ) was conducted. To define which cases represent large companies and which ones represent small companies, data were

used from the state in which this research was conducted. In that state, the median business has fewer than five employees. Therefore, for the purposes of this content analysis, each example of a company that had fewer than five employees was designated as a small company. Each example of a company with five or more employees was designated as a large company. Articles that failed to mention companies, such as those dealing with IMC theory, were omitted.

Of course, articles describing companies rarely indicate the exact number of employees; therefore, it was generally inferred whether a reported company had fewer than five employees. For example, one article described a "small western" agency, which well may have fewer than five employees; therefore, it was designated as a case of a small company. On the other hand, companies described as "multinational," "large," and "Fortune 500" were designated as having five or more employees. Companies with unclear designations, such as "mid-sized" and "lesser-known," were omitted.

An alternative measure of a company's size was its annual sales. In the Midwestern state used for this present study, nearly half the companies (44 percent) had annual sales of less than $500,000. Therefore, an alternative indicator of small businesses was sales of less than $500,000. Annual sales of $500,000 or more was used to indicate large companies.

In examining the contents of the 1996 to 1998 volumes of IMCRJ, there was one case found of a small company being reported, while there was a total of 257 cases of large companies being reported. The implication is that there is an minuscule use of IMC by small companies. A cursory examination was conducted of other journals, such as The Journal of Advertising, with corroborating results.

A perusal of today's IMC textbooks also supported these finding. For example, one is hard pressed to find a small business used as an example in Clarke Caywood's The Handbook of Strategic Public Relations & Integrated Communications (1997) or in John Burnett's and Sandra Moriarty's Introduction to Marketing Communications: An Integrated Approach (1997).

Similarly, the business representatives in Duncan, Caywood, and Newsom's report (1993) on preparing students for the communications industry all came from major agencies and companies, such as Leo Burnett, DDB Needham, McDonald's, and IBM. Once again, examples of average businesses were missing.

This is not new or unusual. The use of small companies as examples appears to be just as scarce among the classic textbooks of advertising (such as Kleppner's Advertising Procedure) and P.R. (such as Cutlip's Effective Public Relations).

The question of this present research is whether a valid representation of the real world is being presented by this scarcity of examples of small companies using IMC. Is the literature accurate in portraying IMC as being the exclusive domain of the large businesses, or might the reality be that the use of IMC is pervasive across all sizes of companies?

The results of such questions have important practical implications. If IMC is pervasive across all sizes of companies, then IMC students may well be better prepared by gaining an understanding of smaller as well as larger companies.

Variables

IMC defined. The academy has yet to fully agree on a definition of IMC. Nowak and Phelps (1996) state, "there is little consensus as to what integrated marketing or

advertising communications is or means" (p. 50). Caywood (1997) goes further to ask whether IMC is even real, describing it as an "embattled discipline" (pp. 10-11).

Burnett and Moriarty (1998) are more ameliorating. They simply state that IMC "is the practice of unifying all marketing communication tools--from advertising to packaging--to send target audiences a consistent persuasive message that promotes company goals" (p. 14). But how does one measure or evaluate this seemingly nascent concept?

Based on the results of other previous research--discussed further below--it was decided that two variables would be used to define the use of IMC for this current research. One addresses the issue of "one voice" in the business' messages, and the other deals with the integration of response and image as marketing communication goals.

In their analysis of writings on IMC, Nowak and Phelps (1994) found three components to integrated marketing communication: 1) presentation with one voice, 2) integrated communication, and 3) coordinated marketing communication campaigns. To substantially condense their description, "One voice marketing communication" may be characterized as a seamless marketing communication, with a single, consistent message. Some--such as Nowak, Cameron, and Delorme (p173, 1996)--refer to this as a "seamless totality." Similarly, "Integrated communication" may be summarized as combining the goal of establishing an image with the goal of directly influencing consumer behavior, such as generating sales response. Nowak et al (1996) describe this as "accomplish[ing] both communication and behavioural objectives" (p. 174). "Coordinated marketing communication" entails more coordination than integration of different aspects of marketing, with the goal of being "wholistic" in order to create "synergism" (p. 51).

Phelps, Plumley, and Johnson (1994) discuss the use of these three components of IMC, and later Phelps and Johnson (1995) empirically tested their use, in which they found support for the concepts of "one voice" and "integrated communication goals" as two measures of IMC, but not for "coordinated marketing communication."

For this present study, the "one voice" question asked how often each business' marketing communication (such as advertising, P.R., and sales promotion) presented the same single message, as though it had "one voice." Businesses that indicate "always" were designated as using IMC. Those who responded with less than "always" were designated as not using IMC.

The "integrated goals" question asked which was closer to each company's goal for its marketing communication: to generate sales responses or to build that business' image. Those that responded that "we deliberately seek both sales responses and image" were designated as using IMC. Those that selected either image or response were designated as not using IMC.

"Coordinated marketing communication" was not examined because the previous cited research failed to find support for this aspect.

Those respondents who indicated they use "one voice" and have "integrated goals" were used to represent businesses that use IMC. Those that indicated they use neither one voice nor have integrated goals were used to represent businesses that don't use IMC. Because contrast of categories was sought in this exploratory research, businesses that indicated they use only one form of IMC were excluded. Their elimination also added simplicity to the research design.

Small businesses defined. Two variables were used to indicate whether a company is large or small. The first was the number of employees per company. An alternative was the company's annual sales. But defining a "small business" was problematic. According to "frequently asked questions" of the Small Business Administration (SBA) (http://www.sba.gov/size/Main-faq.html), a small business has 500 employees or less, and $5 million in sales or less. According to this SBA definition, of the 1,000 businesses that received surveys for this study, all but six were small businesses, and every usable response was from a small business.

Clearly, different categories were needed. InfoUSA (the source of the mailing list of these surveyed companies) coded business sizes by the following ranges of the number of employees: "1-4," "5-9," "10-19," "20-49," "50-99," "100-249," "250-499," "500-999," "1,000-4,999," "5,000-9,999," and "10,000 or more." In the Midwestern state that was selected for this survey, 57 percent of businesses had "1-4" (or fewer than five) employees.

For two reasons the category of "1-4" employees was used to represent smaller businesses. First, because this is exploratory research, a strong contrast in categories was sought to help detect significant differences. In other words, if IMC were detected in the smallest businesses, it would likely be found throughout all sizes. Second, this category offered a balance, with about half the responses being categorized as small. The other categories--representing companies with five or more employees--were combined to represent larger companies.

Similar increments were used by InfoUSA to denote annual business sales: "less than $500,000," "$500,000 - $1 Million," and so on, up to "over $1 billion." Again, in this

same state, 44 percent of businesses have annual sales of "less than $500,000." This first category was used to represent smaller businesses. The other categories--representing companies with $500,000 or more in annual sales--were combined to represent larger companies.

Research Question

Examples from the current literature suggest that only a minuscule percentage of businesses that use IMC are small. This current research seeks to explore whether there is empirical support for this implication. Therefore, the research question is as follows:

> RQ1: Of the businesses that use IMC, are there more than a minuscule percentage that are small (that is, have fewer than five employees or have less than $500,000 in annual sales)?

After testing the research question, the differences and similarities between IMC and non-IMC businesses--especially in terms of their use of marketing communication--will be examined.

Method

Sampling and Questionnaire

A random sample was taken from a population of all businesses within one Midwest state. One thousand businesses were selected to receive a survey about their use of IMC and other related issues. A copy of the original questionnaire used in this research is available from the author.

Procedures

Questionnaires were mailed to 1,000 businesses by the end of December 1998. By the end of January, only 58 usable responses were received. A list of those that had not responded was then divided among twelve undergraduate marketing communication students who followed up the initial mailing with phone calls. Each of these businesses was called at least once. These calls generated 116 additional complete responses, for a total of 174 usable responses. (There were 65 businesses that did not complete the survey or gave unusable responses.)

These responses represent less than a 20 percent response rate. A possible cause for this weak response may be the list itself. The sampling was of all businesses, including short-lived businesses that may no longer exist and of businesses that may be little more than hobbies. Better response might have been gained from a survey to businesses that have been in existence more than a year or two, but such a list was not available.

The responses came from all regions of the surveyed state. (Regions were defined by U.S. post office's "distribution centers" [noted by the first three digits of the Zip code]). Responses also came from all nine major categories of companies, as defined by the SIC code. With this sampling size of 174, the results generally represent the total population of the state's businesses, plus or minus nine percent.

Results

Use of IMC

While there were 174 surveys returned, only 108 completed all the questions related to IMC. Of those, 33 businesses (or 30.6 percent) indicated they "always" use one voice in their marketing communication messages, and 62 businesses (or 57.4 percent) indicated

they integrate the goals of sales response and business image in their marketing communication.

There were 17 businesses that used both forms of IMC--these were categorized as "IMC" businesses. There were another 30 that used neither forms of IMC--these were categorized as "non-IMC" businesses. These represent the two groups examined further in this study.

There were also 16 businesses that used only "one voice," and 45 others that used only integrated goals. These groups that used only one form of IMC were not examined further.

Having only 17 responses from a sample of 1,000 would be problematic if the goal of this present research were a generalizable hypothesis. Instead, this research examines the research question of whether small businesses that use IMC are as rare as examples from the current literature seems to suggest. While a larger response would be beneficial, it should not prevent the consideration of such an exploratory question.

Significant Results

The examples from the IMC literature suggest a minimum proportion (e.g., less than one percent) of small businesses use IMC. Therefore, among the 17 businesses that indicated they use IMC, it was expected than only one at most would be "small," and the other 16 would be "large." In fact, eight companies that use IMC indicated they are small and only nine companies indicated they were large (Table 1). The difference between the frequencies of what was expected and what was observed are significant, chi sq. (1, N=17)

= 297, $p < .01$. The data suggest that the use of IMC may be much more pervasive than has been previously suggested by the literature.

These results were further confirmed when the annual sales were examined of IMC businesses. Unfortunately, InfoUSA is not able to gather sales information on all businesses. For example, it was able to gain information on only 11 of the 17 IMC businesses examined in this study. Again, from the implications of the literature discussed above, one would expect only a minimal number of these businesses to have annual sales of less than $500,000. Interestingly, though, eight out of the 11 reported annual sales of less than $500,000. This suggests that IMC is at least as common (if not more frequently found) among businesses with lower annual sales.

Other Results

A number of other questions were included in the survey to find further information about needs and practices of businesses. In examining these results, the differences between IMC and non-IMC businesses were not found to be substantial.

Businesses that use IMC spend more on marketing communication. Surveyed businesses were asked what percentage of their sales was spent on marketing communication (advertising, P.R., sales promotions, etc.). The mean for IMC businesses was 19 percent, and for non-IMC was seven percent, $t(31) = 1.32$, $p = .06$. There was not a substantial difference found in the other responses, so an aggregate score will be reported for IMC and non-IMC businesses.

Businesses use a variety of forms of marketing communication. The survey asked businesses whether they planned in the next 12 months to use each of the following areas of marketing communication: "advertising," "P.R.," "sales promotions and displays," and

"other." The average response indicated they would use two of these areas. The survey also asked from a list of 16 forms of advertising media--from TV and newspapers to billboards and fliers--how many forms each business planned to use in the next 12 months. The average response indicated they would use more than five.

The survey also listed a number of traits, skills, and qualities that would be sought in new marketing communication employees. The results from all usable respondents were combined and ranked in Table 2. (The number of usable responses ranged from 148 to 151.)

It is interesting to note that most businesses (74.5 to 83.2 percent) seek personal qualities, such as being a team player, confident, creative, and precise, which are not explicitly taught in the classroom. Most also value knowledge of field and professional experience. The most popular course topics seem to be conceptual (such as writing, marketing research, and strategic planning), whereas the production courses are the least popular.

Discussion

Substantial Results

The results of this survey suggest that there is a significant difference between the actual use of IMC by smaller businesses and what the literature implies by its examples. For one thing, the chi-square test (as used in this research) is not statistically powerful, so it is less likely to detect actual differences. For it to detect a significant difference from only 17 cases suggests the actual difference in the population is substantial.

IMC May Be Natural to Small Businesses

It is logical for IMC to naturally occur in small businesses. Nowak et al (1996) refers to this as the "common sense" nature of IMC (p. 175). In a business that has fewer than five employees, it is likely that only one person would do all the marketing communications. It would then be more efficient for that one person to use repeatedly the same message (the "one voice" aspect of IMC). One person is less likely to produce competing messages. In the same way, a small company is less likely to have competing factions. A company of fewer than five people is unlikely to have one person advocating the marketing department's image goal, while another promotes the sales department's response goal.

On the other hand, large companies are more likely to have wars among departmental fiefdoms. Burnett and Moriarty (p. 63-65) describe this vertical division within companies as being like "functional silos or stovepipes," which was found to be a major obstacle to IMC. While larger companies may just now be coming to grips with the advantages of IMC, perhaps small companies have been using it all along.

Benefits of Teaching IMC for Small Businesses

The challenge of small businesses to attract well educated and IMC-savvy new employees may be the largest obstacle found by this present study. Apparently small businesses have as great a need for people who know IMC as do large businesses, but current examples in the academic literature fail to present small businesses as even a beginning for a career path in marketing communication.

If in fact small businesses are as likely to use IMC as large ones are, it seems appropriate for marketing communication students to be prepared to enter that arena. Such preparation need not lock students into one career path. Students who are trained to

meet the wide variety of marketing communications needs of smaller businesses will have a grasp on the total process, which could also prove valuable in large businesses. By contrast, the student who focuses on only one narrow aspect of marketing communication (in the hopes of working for a large company) may be ill-prepared to work for the many smaller businesses that use IMC.

In conclusion, it is recommended that publishers and scholars work together toward the deliberate goal of including a more equitable examination of small businesses in their literature and lectures on the use of IMC. This shows the need for continued research, especially now in the form of case studies and examples of the use of IMC by small companies that could help meet this eduactional goal.

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Table 1

Expected and Observed Frequencies of Small and Large Businesses

	Small Companies (one to four employees)	Large Companies (five or more employees)
Expected	1	16
Observed	8	9

Table 2

Qualities, Skills, and Traits Sought	Percentage	Frequency (n = 150)
Team player	83.2	124
Knowledge of field	82.6	123
Confidence	81.2	121
Creativity	76.5	114
Precise / thorough	74.5	111
References	73.8	110
Flexibility / patience	72.5	108
Personal beliefs / ethics	65.1	97
Writing	62.9	95
Strong individual	59.1	88
Professional experience	55.7	83
Marketing research	51.7	78
Strategic planning	50.3	76
Major and minor studied	45.0	67
Persuasive	43.6	65
Desktop publishing	41.4	62
Computer programming	40.4	61
Budgeting	37.7	57
Extracurricular activities	36.9	55
Graphic design / graphic art	36.4	55
Portfolio	36.2	54
Media planning / media buying	35.8	54
Bachelor's degree completed	34.2	51
Accreditation of college	28.4	42
Grade point average	26.8	40
Audio production	17.2	26
Professional memberships	13.4	20
Video production	11.3	17
Photography	9.3	14
Graduate degree	6.7	10